Annual Report
1989-90

University of Regina and University of Saskatchewan

91-04390/

To the Honourable Sylvia Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the University of Regina and the University of Saskatchewan for the year ending April 30, 1990.

Respectfully submitted,

Ray Meiklejohn

The Honourable Ray Meiklejohn
Minister of Education

THE UNIVERSITY OF REGINA

FINANCIAL STATEMENTS

Year Ended April 30, 1990

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

UNIVERSITY OF REGINA

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have examined the statement of financial position of The University of Regina as at April 30, 1990 and the statements of changes in fund balances and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the University as at April 30, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
August 10, 1990

G. F. Wendel, C.A.
A/Provincial Auditor

UNIVERSITY OF REGINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1990

1. Summary of Significant Accounting Policies and Reporting Practices

(a) General

The statements have been prepared in accordance with the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada" approved by the Canadian Association of University Business Officers (CAUBO) and commended for use by the Association of Universities and Colleges of Canada to its members.

(b) Fixed Assets

The Guide indicates that fixed assets should be capitalized, depreciation should not be recorded, and donated assets should be recorded at their fair market value.

Expenditures for sites and improvements, buildings, furnishings and equipment, and library holdings are recorded as assets (at cost) on the Statement of Financial Position with a corresponding entry to Equity in Fixed Assets.

Donated assets are reported at fair market value when acquired by the University.

The furnishings and equipment policy assumes a useful life of nine years (eight years plus the current year). Therefore, items recorded as assets nine years previously are removed from the asset account and Equity in Fixed Asset account. Disposals or withdrawals (superseded, poor condition, irrelevancy, lost and stolen) of library holdings are calculated at 3/4 of one percent of the net capitalized value of library holdings at the end of the preceding year.

Buildings, sites and improvements are permanent in nature and therefore dispositions will not normally occur.

(c) Depreciation Expense

An exception to the Guide remains to permit the University's desired reporting practice for Ancillary Enterprises. Depreciation expense (1990 - $153,056; 1989 - $126,156) is charged on fixed assets related to the Ancillary Enterprises

Fund only. It is included in ancillary expenditures in the Statement of Changes in Fund Balances.

(d) Fund Accounting

The accounts of the University are maintained in accordance with the principles of "fund accounting" to permit the observation of limitations and restrictions placed on the use of available resources. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Separate accounts are maintained for the Capital Fund, Trust and Endowment Funds and Operating Fund. The Operating Fund is further classified as General Operating, Ancillary Enterprises, Research, Sundry Projects, and Student Assistance. The Trust and Endowment Funds are further classified into Expendable and Non-expendable. Expendable fund balances may be used in their entirety within the restrictions established by the provider of the funds. Non-expendable fund balances represent a revenue generating source. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(e) Ancillary Enterprises

The University operates five Ancillary Enterprises: Bookstore, College West Residence, Duplicating Services, Food Services and Parking.

Ancillary Enterprises operate on a fee-for-service basis and must be self funding. Charges to departments and related organizations are excluded from the expenses of the department and from the revenue of the Ancillary Enterprise. Instead, they are included in interfund transfers on the Statement of Changes in Fund Balances.

(f) Investments

i) Fixed income securities (bonds) are recorded at par value. Any discount or premium is included in revenue in the year of purchase.

ii) Shares of stock acquired by purchase are recorded at cost. Shares of stock acquired other than by purchase are recorded at their market value on the date of acquisition.

iii) Sentinels (stripped bonds) and coupons are recorded at par value less unamortized discount. The related discounts are amortized into income over the period to maturity.

iv) Gains or losses on disposal are recorded in the year of disposal.

(g) Accrual Accounting

The University utilizes the accrual basis of accounting for additions to, and deductions from, fund balances except that vacation pay is not accrued.

(h) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method. Year end inventories are detailed below.

Department	April 30, 1990	April 30, 1989
Bookstore	$ 862,072	854,824
Physical Plant	305,166	322,066
Science Stores and Shops	104,902	108,651
Duplicating Services	64,108	66,490
Food Services	59,919	50,462
Art Gallery Shop	26,933	46,896
Post Office	5,676	13,891
Computing Services	128,513	--
	$1,557,289	1,463,280

(i) Interfund Transfers

Interfund charges to departments are excluded from the expenses of departments and ancillary revenues. They are classified as "interfund transfers" on the Statement of Changes in Fund Balances.

2. Operating and Capital Funding

a) Operating Grants

The Department of Education provided the University with operating grants totalling $43,309,800 (1989 - $40,646,600).

b) Capital Project Financing Arrangements

Funding for capital projects is arranged through agreements with the Saskatchewan Property Management Corporation (SPMC) and the Department of Education. Under the terms of the agreement, the repayment requirements of the obligation and the interest rate applicable to the funding received are determined from time to time by the Minister of Finance. The agreement states that the obligation of the University is

limited to an amount equal to the funds received from the Department of Education for this repayment purpose and also provides for the repayment of these funds by the Department directly to SPMC on behalf of the University. Due to the nature of this arrangement, no liability is recorded in the financial statements of the University. Loan proceeds from SPMC are recorded as capital grants in the year in which they are received/receivable.

The balance of loans outstanding including accrued interest with respect to this financing arrangement at April 30, 1990 was $19,783,837 (April 30, 1989 - $15,835,180).

3. Long Term Liability

A 7 1/4% debenture for $2,080,000 was issued to the Canada Mortgage and Housing Corporation for the construction of the College West Residence Building. The debenture is repayable in equal semi-annual payments over 50 years. A total repayment of $155,210 of blended principal and interest is required each year commencing June 30, 1975 and maturing December 31, 2024. This payment is provided for as a charge to College West Residence Operations. Issue of the debenture was authorized by the Lieutenant Governor in Council under Order in Council No. 871/75.

Following are details of the payments required for the next five fiscal years.

	Interest	Principal	Total
1990-91	142,142	13,068	155,210
1991-92	141,178	14,032	155,210
1992-93	140,142	15,068	155,210
1993-94	139,030	16,180	155,210
1994-95	137,835	17,375	155,210

4. Statutory Obligation

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under the Wascana Centre Act. The government of Saskatchewan, the City of Regina and the University were named as participating parties. Under this Act, the University is responsible for an annual payment to the Authority equivalent in amount to fifteen percent of the amount assessed by the City of Regina through a levy of 1.55 mills. This payment covers the University's share of the administrative and other costs of the Authority including landscape construction which may be performed on land under the jurisdiction of the Authority. Furthermore, the University has an obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act during 1989-1990:

Operating Fund:	
Maintenance - Authority	
Land	$183,593
Maintenance - University	
Land	368,806
	552,399
Capital Fund:	
Construction	56,400
	$608,799

5. Pension Plans

The University is responsible for the administration of two pension plans, the Non-Academic Pension Plan and the Pension Plan for the Academic and Administrative Employees of the University of Regina. Actuarial valuations are completed regularly as prescribed by statute and any unfunded pension plan liabilities are the responsibility of the University.

The Pension Plan for the Academic and Administrative Employees of The University of Regina is a defined benefit final average pension plan. An actuarial valuation performed on this plan as at December 31, 1987 indicated that, using the accrued benefit actuarial cost method, the present value of accumulated benefits resulting from services provided to the valuation date was $67,063,953. This amount less assets of $67,231,736 based on market values, resulted in an actuarial surplus of $167,783 at December 31, 1987.

The University of Regina Non-Academic Pension Plan is also a defined benefit final average pension plan. An actuarial valuation performed on this Plan as at January 1, 1987 indicated that, using the accrued benefit actuarial cost method, the present value of accumulated benefits resulting from services provided to the valuation date was $11,141,373. This amount less assets of $12,945,030 based on book values partially adjusted for market values, resulted in an actuarial surplus of $1,803,657 at January 1, 1987.

The University records as pension expense its contributions to the Pension Funds which are in amounts that have been recommended by the actuaries.

6. Interfund Borrowing and Transfers

Periodically, the Operating Fund borrows from the Capital Fund. At the beginning of the year the Operating Fund owed $1,000,000 to the Capital Fund; during the year $1,000,000 was repaid leaving no balance at April 30, 1990. $45,678 in interest was paid during the year to the Capital Fund, and is included as an interfund transfer.

STATEMENT 1

UNIVERSITY OF REGINA
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 1990
(With comparative figures as at April 30, 1989)

	1990	1989
Assets		
Cash less bank overdraft and outstanding cheques	$ 559,597	$
Receivables:		
General	2,314,511	2,122,099
Research and Special Accounts	39,888	72,851
Accrued Interest	168,562	205,949
Loans	97,769	86,791
Prepaid Expenses	203,603	208,424
Inventories (Note 1(h))	1,557,289	1,463,230
Investments (Note 1(f)) (Market value 1990 - $8,444,896 Market value 1989 - $10,383,087)	8,741,945	10,468,691
	13,683,164	14,628,085
Fixed Assets: (Notes 1(b),1(c))		
Buildings	58,207,300	51,984,341
Sites and improvements	13,086,996	4,918,659
Furnishings and equipment	23,281,804	19,976,849
Library holdings	19,476,760	17,359,388
Parking lot development	1,220,096	416,719
	115,272,956	94,655,956
	$ 128,956,120	$ 109,284,041
Liabilities, Fund Balances and Equity		
Bank overdraft less cash and outstanding cheques	$	$ 1,210,556
Accounts payable	4,823,633	3,346,105
Bank loan	6,966,896	
Deferred income	155,495	281,476
Debenture payable (Note 3)	1,963,794	1,975,964
	13,909,818	6,814,101
Fund Balances: (Statement 2) (Note 1(d))		
General operating	(6,355,246)	(6,791,459)
Ancillary Enterprises	2,626,364	2,211,487
Capital	(7,098,118)	2,767,033
Trust and Endowment		
Expendable	5,680,733	4,919,078
Non-expendable	3,619,759	3,286,164
Research. sundry projects and student assistance	4,704,062	4,046,306
	3,177,554	10,438,609
Equity in fixed assets (Statement 3)	111,868,748	92,031,331
	$ 128,956,120	$ 109,284,041

On Behalf of the Board of Governors

(See accompanying notes to financial statements)

UNIVERSITY OF REGINA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 1990
(With comparative figures for the year ended April 30, 1989)

STATEMENT 2

	Operating Fund					Capital Fund	Trust and Endowment Fund		Total 1990	Total 1989
	General Operating	Ancillary Enterprises	Research	Sundry Projects	Student Assistance		Expendable	Non-Expendable		
Additions										
Provincial Government Grants	$ 43,309,800		50,000	426,982		56,400			43,843,182	44,048,049
Financing from Saskatchewan Property Management Corp.						6,143,000			6,143,000	5,113,000
Student academic fees	10,415,745								10,415,745	9,683,173
Investment income	224,269	160,146		196,145		95,050	999,265	5,012	1,679,887	1,384,084
Contributions and donations			3,899,932	4,082,506	1,267,087		356,236	332,800	9,938,561	8,099,892
Miscellaneous income	469,563								469,563	610,902
Ancillary Enterprises Income		5,442,074							5,442,074	5,513,626
	54,419,377	5,602,220	3,949,932	4,705,633	1,267,087	6,294,450	1,355,501	337,812	77,932,012	74,452,726
Deductions										
Instruction and public service	41,098,992								41,098,992	39,528,106
Administration	4,192,425					186,766	484,371	361	4,863,923	4,494,593
Physical Plant	7,238,901								7,238,901	7,222,552
Student and miscellaneous services	719,347								719,347	662,096
Research, sundry projects, and student assistance			3,596,767	3,929,498	1,418,091				8,944,356	6,893,084
Ancillary Enterprises Expenditures		6,016,401							6,016,401	5,902,356
Sites and improvements						8,168,337			8,168,337	23,629
Buildings						6,222,959			6,222,959	4,713,705
Equipment						1,627,217			1,627,217	3,142,160
Grants and awards							133,568	3,856	137,424	123,700
Debt repayment		155,210							155,210	155,210
	53,249,665	6,171,611	3,596,767	3,929,498	1,418,091	16,205,279	617,939	4,217	85,193,067	72,861,191
Increase (Decrease) to Fund Balances before Interfund Transfers	1,169,712	(569,391)	353,165	776,135	(151,004)	(9,910,829)	737,562	333,595	(7,261,055)	1,591,535
Interfund transfers	(733,499)	984,268	(73,319)	(247,221)		45,678	24,093			
Net additions (deductions)	436,213	414,877	279,846	528,914	(151,004)	(9,865,151)	761,655	333,595	(7,261,055)	1,591,535
Fund balances beginning of year	(6,791,459)	2,211,487	1,058,598	2,704,763	282,945	2,767,033	4,919,078	3,286,164	10,438,609	8,847,074
Fund balances end of year	$ (6,355,246)	2,626,364	1,338,444	3,233,677	131,941	(7,098,118)	5,680,733	3,619,759	3,177,554	10,438,609

(See accompanying notes to financial statements)

STATEMENT 3

UNIVERSITY OF REGINA
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED APRIL 30, 1990
(With comparative figures for the year ended April 30, 1989)

	1990	1989
Additions		
Expenditures on fixed assets:		
Sites and improvements	$ 8,168,337	$ 23,629
Buildings	6,222,959	4,713,705
Equipment	4,084,579	4,914,909
Library acquisitions	2,247,567	1,450,308
Repayment principal - C.M.H.C. Debenture	12,170	11,333
	20,735,612	11,113,884
Reductions		
Write down of fixed assets:		
Equipment	768,000	1,498,000
Library holdings	130,195	120,220
Disposals of equipment		1,183,000
	898,195	2,801,220
Balance beginning of year	92,031,331	83,718,667
Balance end of year	$ 111,868,748	$ 92,031,331

(See accompanying notes to financial statements)

THE UNIVERSITY OF SASKATCHEWAN

FINANCIAL STATEMENTS

For the Year Ended April 30, 1990

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

THE UNIVERSITY OF SASKATCHEWAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 1990

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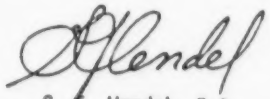
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have examined the combined balance sheet of The University of Saskatchewan as at April 30, 1990 and the statements of changes in appropriated-allocated fund balances, changes in appropriated-unallocated and restricted fund balances, changes in endowment principal fund balance and changes in equity in plant assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the University as at April 30, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



G. F. Wendel, C.A.,
A/Provincial Auditor

Regina, Saskatchewan
September 14, 1990

THE UNIVERSITY OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

April 30, 1990

1. Summary of Significant Accounting Policies and Reporting Practices

a) General

These financial statements have been prepared in accordance with accounting principles for Universities as described in the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published in 1984 by the Canadian Association of University Business Officers (CAUBO) and commended for use by the Association of Universities and Colleges of Canada (AUCC) to its members.

b) Fund Accounting

Transactions of the University are accounted for by fund accounting procedures in order to recognize various restrictions imposed on the use of available resources. Under these procedures, revenues and their related expenses are accounted for in separate funds in accordance with objectives specified by donors, limitations and restrictions imposed by sources outside the University and determinations made by the Board of Governors.

For financial statement reporting purposes the Balance Sheet combines the assets, liabilities and fund balances of all funds.

The statements of changes in fund balances show the total income and expenses of the University, after elimination of inter-fund transactions. The University has classified accounts with similar characteristics into major funds as follows:

- the General Operating Fund consists of those revenues and expenses used in the general operations of the University.

- the Sponsored Research Fund consists of grant and contract revenues and expenses specifically identified for research or related activities as approved by government granting agencies, research institutes and other public and private organizations.

- the Specific Purpose and Trust Fund consists of those revenues and expenses used for projects and purposes stipulated by the donors and contributors, including scholarships, bursaries, student loans, special research fellowships and awards, clinical practice plan and clinical services funding.

- Ancillary Enterprises provide goods and services to the University community and are expected to operate on a break-even basis. Any deficits must be recovered from future operations and unexpended balances are carried forward for replacement and upgrading of facilities in these ancillary operations. In accordance with the CAUBO guidelines this group of enterprises includes the Bookstore, Food Services, Parking, Student Residences and Vending Services. These enterprises are assessed most overhead costs associated with their operations including payments of principal and interest on all long-term debt.

- the Capital Fund consists of grants, gifts, interest and authorized capital borrowings received for the purpose of acquiring capital assets including those pertaining to ancillary enterprises. These funds may also be used for major renovations, alterations and equipment acquisitions.

- the Endowment Principal Fund consists of gifts and bequests received with the stipulation that these funds be invested and the income earned be utilized for designated purposes.

c) Accrual Accounting

The University utilizes the accrual basis of accounting for additions to and deductions from fund balances except that no provision is made in the financial statements for depreciation on plant assets in the Capital Fund or for accrued vacation pay.

d) **Appropriations**

The University implemented in 1984-85 a general operating budget program approved by the Board of Governors which allows budget units to carry forward unexpended funds into the subsequent fiscal year. In addition the University has established appropriations for future expenditures of a specific or major nature and to make provision for certain unexpended allocations.

e) **Inventories**

Inventories of materials and supplies are valued at the lower of cost and net realizable value which is principally determined by the first in first out method. Feedlot cattle are stated at market value and all other inventories of livestock held primarily as experimental animals are valued at the lower of cost or market value.

f) **Prepaid Expenses**

The University acquired in 1984-85 a new SL-I Telephone system from Sask-Tel by lump sum prepayment of rental charges for the particular equipment. This prepayment, with interest, is being expensed by annual charge to General Operations over a ten year period. The remaining prepaid balance at year end is $1,118,613 (April 30, 1989 - $1,296,692).

g) **Deferred Costs**

The University sets up deferred costs to account for fixed assets acquired by both the Operating Fund and Ancillary Enterprises by means of internal cash loans from operating funds. Internal loans of this nature occur when it is advantageous for the University to use its own cash resources rather than borrowing or leasing from outside parties.

Deferred costs outstanding at April 30, 1990 and their methods of amortization are as follows:

	1990	1989
i) Parking development costs, including Capital Costs for both Reserved Parking and Visitor and Pay Parking - amortized against the Parking Ancillary Enterprise revenues on the basis of the estimated useful life of the particular assets.	$862,500	$945,323
ii) Vending Machines and Food Services Equipment - amortized by annual charge, with interest, to Ancillary Enterprise operations over period established for each transaction, not exceeding the estimated useful life of the equipment acquired.	--	5,037
	$862,500	$950,360

h) **Investments**

Investments purchased are recorded at cost; investments received by bequest or gift are recorded at market value at the date of acquisition. The difference between the cost and the par value of bonds purchased is not amortized but is treated as income or expense in the year of disposal.

i) **Investment in Subsidiary Companies**

Systems Enterprise Developments Ltd., a company continued under The Saskatchewan Business Corporations Act (1977) is a wholly-owned subsidiary and holding company of the University. The corporation qualifies as a tax exempt organization under Section 149 of The Income Tax Act. The company's major assets consist of cash and short-term investments, these being the proceeds from the company's disposal during the 1986-87 year of its minority equity investment in SED Systems Inc.

Biostar Inc. was incorporated under the Canada Business Corporations Act on February 16, 1983. The company was established with the mandate to conduct research, development, testing, production and marketing of animal and poultry health care products and technology. The University's investment in this taxable Canadian corporation consists of a controlling interest in the voting share capital of the company. Biowest Inc. is a wholly-owned subsidiary of Biostar Inc.

On July 10, 1990 the University as majority shareholder signed a share purchase agreement with ExtraCare Corporation of Calgary, Alberta which would, subject to certain conditions of the agreement being met, see ExtraCare Corporation acquire the ownership of Biostar Inc. and amalgamate the two companies.

The University does not consider it appropriate to consolidate the accounts of these two subsidiary companies with those of the University of Saskatchewan and accordingly the University accounts for its investments in accordance with the equity method.

The investment and related equity account are summarized as follows:

	1990	1989
Investment Account		
Systems Enterprise Developments Ltd.		
- Carrying Value of Investment in shares	$1,465,289	$1,821,568
Biostar Inc.		
- Carrying Value of Investment in shares	249,334	369,747
	$1,714,623	$2,191,315
Equity Account		
Systems Enterprise Developments Ltd.		
- Balance - beginning of year	$1,449,905	$1,397,359
- Equity gain (loss) during year	(356,279)	52,546
Balance - end of year	$1,093,626	$1,449,905
Biostar Inc.		
- Balance - beginning of year	367,970	418,818
- Equity gain (loss) during year	(120,413)	(50,848)
Balance - end of year	247,557	367,970
	$1,341,183	$1,817,875

j) **Plant Assets**

The CAUBO guidelines indicate that all plant assets including library acquisitions should be capitalized regardless of the source of funds or the means of acquisition of the plant assets, depreciation should not be recorded, and donated assets should be recorded at their fair market value.

Expenditures by the University of Saskatchewan for the acquisition of new properties, constructing of new buildings, rehabilitating existing buildings, initially equipping these new and rehabilitated buildings, acquiring certain additional or replacement equipment and for library acquisitions are recorded in the Statement of Changes in Appropriated-Unallocated and Restricted Fund Balances (Statement 3) in the year in which they are incurred and then capitalized on the Balance Sheet as Plant Assets with a corresponding entry to Equity in Plant Assets. No depreciation is recorded.

Donated assets are reported at fair market value when acquired by the University.

The University's policy on capitalization of fixed assets assumes an average useful life for furnishings and equipment of nine years (eight plus the current year). Therefore, items recorded as assets nine years previously are removed from the Plant Asset Account and Equity in Plant Assets Account. A provision for the value of items removed from the library collection by disposals or withdrawals (superseded, poor condition, irrelevancy, lost or stolen) calculated at 3/4 of one percent of the net capitalized value of library holdings at the end of the preceding year is recorded as a deduction within the Capital Fund.

Buildings, and land, and site improvements are permanent in nature and therefore dispositions will not normally occur.

k) **Donation Pledges**

Donations are recorded as revenue only in the fiscal period in which they are received. Pledges receivable are not recorded as assets in these financial statements.

2. **Long-Term Debt**

	1990	1989
a) Canada Mortgage and Housing Corp. - 6 7/8% Debentures due May 1, December 1, 2020	$3,117,164	$3,146,869

This liability represents the remaining principal balance payable on two loans totalling $3,450,000 originally borrowed from Canada Mortgage and Housing Corporation in 1970 to finance construction of the McEown Park Student Housing Complex.

These loans are repayable in equal semi-annual instalments of blended principal and interest over 50 years. The total annual payments of $245,550 are recovered in their entirety from the operating revenues of the Student Residences.

b) Consolidated Fund - 9.14% Loan due January 5, 1996	491,665	653,620

This liability represents the net balance payable, after deduction of equity in a related Sinking Fund of $1,248,335 at April 30, 1990 (April 30, 1989 - $1,086,380) on a loan of $1,740,000 originally borrowed from the Saskatchewan Universities Commission in 1976 to finance construction of an additional (fourth) high-rise apartment building within the McEown Park Student Housing Complex.

Upon repeal of The Universities Commission Act, 1974 this asset of the Saskatchewan Universities Commission was assumed by the Consolidated Fund.

The terms of the loan require payment on a semi-annual basis, of the periodic interest due on the principal sum borrowed plus the payment of an annual instalment to the Consolidated Fund for investment in a Government administered Sinking Fund established to provide for repayment of the loan principal on maturity date. These payments totalling $193,836 per year are recovered in their entirety from the operating revenues of the Student Residences.

Over the next five years the annual payment by the University to the Consolidated Fund for investment in the form of sinking fund instalment will amount to $34,800 per year.

	1990	1989
c) Due to Consolidated Fund	477,009	485,640
As part of the original arrangements for repayment of a loan to Canada Mortgage and Housing Corporation, it was agreed that $600,000 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Residence and Food Service operations of $33,410 per year.		
The balance of this loan which was previously payable to the Saskatchewan Universities Commission is now payable to the Consolidated Fund.		
	$4,085,838	$4,286,129

3. Pension Funds

The University is responsible for the administration of two pension plans, the Academic Pension Plan and the Non-Academic Pension Plan, both of which are defined benefit final average pension plans. Actuarial valuations are completed regularly as prescribed by statute and any unfunded pension plan liabilities are the responsibility of the University.

a) Academic Pension Plan

An actuarial valuation of the Pension Plan for the Academic Employees of the University of Saskatchewan as at December 31, 1988 indicates that the fund is in a very strong position to meet its statutory obligations with an accrued surplus of $25.7 million.

On the advice of the Actuary, and with the approval of the University the accrued surplus in excess of the amount of $23.1 million required to be held in the fund as a reserve balance has been allocated to fund plan pension benefit improvements.

b) Non-Academic Pension Plan

An actuarial valuation of the Non-Academic Pension Plan as at January 1, 1988 indicates that the plan has an unallocated surplus of $4,062,416. In addition, an allocated surplus of $1,803,702 is held in a contribution stabilization reserve and a reserve for future benefit improvements.

On the advice of the Actuary following completion of a further interim actuarial valuation as at January 1, 1989, which reports a plan surplus of $6,727,998, and with the approval of the University the amount of surplus allocated to establish a contingency reserve was increased to $5,146,226 and the remainder of the unallocated surplus was made available to fund plan pension benefits effective January 1, 1990.

4. Capital Commitments

The estimated costs of contractual commitments to complete major capital projects in progress as at April 30, 1990 is approximately $17,241,270 (April 30, 1989 - $54,060,176).

5. Capital Project Financing Arrangements

Funding for Capital projects is arranged through an agreement with the Saskatchewan Property Management Corporation (SPMC) and the Department of Education. Under the terms of the agreement, the repayment requirements of the obligation and the interest rate applicable to the funding received are determined from time to time by the Minister of Finance. The agreement states that the obligation of the University of Saskatchewan is limited to an amount equal to the funds received from the Department of Education for this

repayment purpose and also provides for the repayment of these funds by the Department directly to SPMC on behalf of the University of Saskatchewan. Due to the nature of this arrangement, no liability is recorded in the financial statements of the University of Saskatchewan. Loan proceeds from SPMC are recorded as Capital grants in the year in which they are received/receivable.

The balance of loans outstanding including accrued interest with respect to this financing arrangement April 30, 1990 was $116,588,071 (April 30, 1989 - $71,978,292).

6. **Long Term Receivable**

This receivable from the City of Saskatoon in the amount of $705,000 as at April 30, 1990 (April 30, 1989 - $1,105,000) represents the remaining balance due from the City relating to sale of land in the 1986-87 year. The remaining balance is to be received by instalments of $400,000 on April 30, 1991, and $305,000 on April 30, 1992.

The University Board of Governors has authorized that the proceeds from this land sale be available, as required, to fund approved remedial costs associated with the closure and decommissioning of the University disposal site, and to fund approved costs associated with the establishment of a Waste Management Facility.

7. **Statutory Obligations**

Under the provisions of The Meewasin Valley Authority Act, the Meewasin Valley Authority is constituted as a body corporate, and the Government of Saskatchewan, the City of Saskatoon and the University of Saskatchewan were named as participating parties.

In accordance with the provisions of the Act, the University is responsible for an annual payment to the Authority of a sum equivalent to twenty-nine and one-third percent of an amount determined by application of a levy of four mills on the City of Saskatoon assessments of lands and buildings in the 1983 taxation year together with an increase of three percent of that assessment compounded annually. The Government of Saskatchewan has enacted amendments to the Meewasin Valley Authority Act which prescribe that the University's 1990-91 statutory obligation for contribution to the Authority will be equal to the amount paid by the participating parties in the 1989-90 year which in the case of the University is $604,096 (April 30, 1989 - $604,096)

8. **Pledges Receivable**

The estimated realizable value of donations which have been pledged but not received as at April 30, 1990 was $7,513,947 (April 30, 1989 - $6,288,116). These pledges are expected to be honored during the subsequent five year period and will be recorded as income when received.

9. **Comparative Figures**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1989-90 financial statements.

THE UNIVERSITY OF SASKATCHEWAN

Combined Balance Sheet

As at April 30, 1990

(thousands of dollars)

ASSETS	1990	1989
Cash and short term investments	$ 66,135	$ 63,055
Accrued interest receivable	1,875	1,500
Accounts and loans receivable	12,202	10,097
Inventories (Note 1 (e))	4,855	4,687
Prepaid expenses (Note 1 (f))	1,641	1,906
Deferred costs (Note 1 (g))	862	950
Long term receivable (Note 6)	705	1,105
Long term investments (market value - $25,600; 1989 - $24,185) (Note 1 (h))	26,612	22,803
Investment in subsidiary companies (Note 1 (i))	1,715	2,191
Other assets	416	408
Plant assets (Note 1 (j))		
Land and site improvements	21,559	18,029
Buildings	269,534	224,073
Equipment and furnishings	102,817	95,648
Library holdings	38,397	34,991
	$549,325	$481,443

LIABILITIES AND FUND BALANCES	1990	1989
Accounts payable and accrued liabilities	$16,701	$17,441
Accounts payable for contractors holdbacks	2,157	604
Unearned fees and other deferred revenue	574	608
Long-term debt (Note 2)	4,086	4,286
Fund balances		
Appropriated		
Allocated (Statement 2)		
General operating	8,684	5,729
Ancillary enterprises	832	838
Capital		3,362
Unallocated (Statement 3)		
Ancillary enterprises	5,105	4,515
Capital	330	421
Restricted (Statement 3)		
Sponsored research	12,036	12,037
Specific purpose and trust	50,832	46,103
Non-expendable (Statement 4)		
Endowment principal fund balance	18,427	15,226
Equity in plant assets (Statement 5)	428,220	368,455
Equity in subsidiary companies (Note 1 (i))	1,341	1,818
	$549,325	$481,443

The accompanying notes form an integral part of these Financial Statements.

Approved by the Board of Governors

Chairman, Board of Governors

Vice-President (Administration)

THE UNIVERSITY OF SASKATCHEWAN

Statement of Changes in Appropriated-Allocated Fund Balances

For the Year Ended April 30, 1990

(thousands of dollars)

	General Operating		Ancillary Enterprises		Capital	
	1990	1989	1990	1989	1990	1989
Fund balance, beginning of year	$ 5,729	$ 9,230	$ 838	$ 891	$ 3,362	$ 6,231
Released from prior year's appropriation (Statement 3)	(2,952)	(4,175)	(189)	(220)	(3,362)	(6,231)
Appropriations for the year (Statement 3)	5,907	674	183	167		3,362
Fund balance, end of year (Statement 1)	$ 8,684	$ 5,729	$ 832	$ 838	$0	$ 3,362
Detail of appropriated-allocated fund balance at end of year						
Purchase order commitments carried forward	$ 991	$ 1,101	$	$	$	$
Equalization of group insurance premiums reserve	94	98				
Non-academic dental plan claims reserve	25	56				
College/departmental appropriations carried forward	3,506	1,862				
Provision for authorized specific expenditures						
-A.S.P.A. dental plan		6				
-Faculty accountable professional expense accounts	1,050	867				
-Faculty salaries withheld	440	934				
-Faculty staff travel fund	338	107				
-Sabbatical leave grants	72	54				
-Salary contract settlements	323	99				
-Sponsored research uncollectable accounts	69					
-Student summer employment program	200	200				
Provision for the replacement of equipment, furnishings and facilities		383	832	838		
Operating reserve	1,576	(38)				
Provision for authorized capital projects						3,362
	$ 8,684	$ 5,729	$ 832	$ 838	$ 0	$ 3,362

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN

Statement of Changes in Appropriated-Unallocated and Restricted Fund Balances

For the Year Ended April 30, 1990

(thousands of dollars)

	General Operating		Sponsored Research		Specific Purpose and Trust		Ancillary Enterprises		Capital		Totals	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
REVENUE AND OTHER ADDITIONS												
Government grants and contracts												
Government of Canada	$ 0	$	$18,173	$ 19,496	$ 3,008	$ 2,649		$	$	$	$ 21,181	$ 22,145
Government of Saskatchewan	113,824	106,547	11,296	9,486	9,678	7,752			49,481	18,299	184,279	142,084
Other	2,655	2,491	302	662	891	862					3,848	4,015
Student fees	22,104	20,284									22,104	20,284
Gifts, grants and bequests			5,915	5,717	7,546	6,876					13,461	12,593
Sales of services and products							15,748	14,272			15,748	14,272
Income from investments	5,111	3,948			5,726	5,023	105	89	335	403	11,277	9,463
Miscellaneous income	353	319	41	81	758	781			626	404	1,778	1,585
	144,047	133,589	35,727	35,442	27,607	23,943	15,853	14,361	50,442	19,106	273,676	226,441
EXPENDITURE AND OTHER DEDUCTIONS												
Salaries-academic ranks	63,554	62,828	747	188	11,422	11,106					75,723	74,122
-student	1,623	1,611	4,576	3,969	8,092	6,863					14,291	12,443
-other support staff	38,059	35,719	14,728	14,681	17,884	15,850	3,918	3,504			74,589	69,754
Employee benefits	11,978	11,178	1,193	1,136	2,041	1,855	350	322			15,562	14,491
Travel and field trips	1,779	1,668	2,090	2,119	2,900	2,458	18	12			6,787	6,257
Library acquisitions	3,662	3,484	22	27	233	231					3,917	3,742
Operational supplies and expenses	9,080	9,077	8,763	7,523	6,145	4,900	618	418	172	165	24,778	22,083
Equipment and furnishings	1,926	2,506	3,461	3,509	2,300	2,089	237	541	5,865	5,054	13,789	13,699
Equipment rental and maintenance	4,099	3,728	596	711	116	90	206	381			5,017	4,910
Renovations and alterations	3,781	3,502			97	172	585	488			4,463	4,162
Utilities	8,147	7,847	7	2			630	655			8,784	8,504
Space rental	243	339	20	19	526	624	124	127			913	1,109
Scholarships, bursaries and prizes					2,275	2,069					2,275	2,069
Professional fees	419	458		6	789	878	330	292			1,538	1,634
Insurance	313	389		5							313	394
Dues and memberships	206	171	14	8	582	632					802	811
Cost of goods sold							7,588	6,803			7,588	6,803
Debt servicing							473	473			473	473
Buildings									45,461	14,739	45,461	14,739
Land and site improvements	170	140							3,530	2,299	3,700	2,439
Meewasin Valley Authority levy									604	604	604	604
Internal cost allocation												
External cost recoveries	(8,921)	(8,492)	(51)	(43)	(34,350)	(32,867)					(43,322)	(41,402)
	140,118	136,153	36,166	33,860	21,052	16,950	15,077	14,016	55,632	22,861	268,045	223,840
Increase (decrease) for the year	3,929	(2,564)	(439)	1,582	6,555	6,993	776	345	(5,190)	(3,755)	5,631	2,601
APPROPRIATIONS-ALLOCATED (Statement 2)												
Released from prior year's appropriation	2,952	4,175					189	220	3,362	5,231	6,503	10,626
Appropriations for the year	(5,907)	(674)					(183)	(167)		(3,362)	(6,090)	(4,203)
Net increase (decrease) for the year	974	937	(439)	1,582	6,555	6,993	782	398	(1,828)	(886)	6,044	9,024
Fund balance, beginning of year			12,037	10,141	46,103	39,493	4,515	4,160	421	299	63,076	54,093
Interfund transfers	(974)	(937)	438	314	(1,826)	(383)	(192)	(43)	1,737	1,008	(817)	(41)
Fund balance, end of year (Statement 1)	$ -	$ -	$ 12,036	$ 12,037	$ 50,832	$ 46,103	$ 5,105	$ 4,515	$ 330	$ 421	$ 68,303	$ 63,076

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN

Statement of Changes in Endowment Principal Fund Balance

For the Year Ended April 30, 1990

(thousands of dollars)

	1990	1989
ENDOWMENT PRINCIPAL ADDITIONS		
Gifts, grants and bequests	$ 2,336	$ 896
Income from investments	52	38
Collection of doubtful accounts	1	2
	$ 2,389	$ 936
ENDOWMENT PRINCIPAL DEDUCTIONS		
Operational supplies and expenses		3
Allowance for loans doubtful of collection	3	2
Internal cost allocation	2	2
	5	7
Increase for the year	2,384	929
Fund balance, beginning of year	15,226	14,255
Interfund transfers	817	42
Fund balance, end of year (Statement 1)	$18,427	$15,226

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN

Statement of Changes in Equity in Plant Assets

For the Year Ended April 30, 1990

(thousands of dollars)

	1990	1989
EQUITY INCREASED BY		
Additions to plant assets (Statement 3)		
Land and site improvements	$3,530	$2,299
Buildings	45,461	14,739
Equipment and furnishings	5,865	5,054
	54,856	22,092
Plant assets provided from non-capital funds:		
General Operating:		
Equipment and furnishings	2,497	2,791
Library acquisitions	3,669	3,542
Sponsored Research:		
Equipment and furnishings	3,457	3,509
Specific Purpose and Trust:		
Equipment and furnishings	2,300	2,089
Ancillary Enterprises:		
Equipment and furnishings	149	541
	12,072	12,472
Equity arising from long-term debt repayment and sinking fund instalment repayment of long-term principal -		
Canada Mortgage and Housing Corporation Debentures	30	28
Reduction of due to Consolidated Fund	8	8
Sinking fund instalment plus interest -		
Consolidated Fund loan -		
McEown Park - Unit IV	162	140
	200	176
Total increase in equity	67,128	34,740
EQUITY DECREASED BY		
Disposal of buildings		164
Equipment and furnishings written-off according to useful life policy	7,100	5,098
Library acquisitions annual reduction adjustment	263	238
Total decrease in equity	7,363	5,500
Net increase during the year	59,765	29,240
Equity, beginning of year	368,455	339,215
Equity, end of year (Statement 1)	$428,220	$368,455

The accompanying notes form an integral part of these Financial Statements